

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/16/2016

POSITION: Oppose

SPONSOR: California Alliance of Child and Family Services

BILL NUMBER: AB 741

AUTHOR: Williams, Das

RELATED BILLS: AB 1997

BILL SUMMARY: Mental health: community care facilities.

This bill authorizes a short-term residential treatment center (STRTC) to be operated as a children's crisis residential center for the purpose of diverting children experiencing a mental health crisis from psychiatric hospitalization.

This bill also requires the Department of Social Services (DSS) to establish regulations for children's crisis residential centers and requires the Department of Health Care Services (DHCS) to establish Medi-Cal rates for these centers. These rates must be sufficient to reimburse the costs for children's crisis residential services in excess of any specialty mental health services that would have otherwise been provided to eligible Medi-Cal beneficiaries receiving children's crisis residential services.

FISCAL SUMMARY

This bill results in additional workload costs for the Departments of Health Care Services and Social Services to add a new subcategory of STRTCs. The estimated annual General Fund costs are \$222,000 for DHCS and approximately \$700,000 for DSS to create a new certification and licensure program. Finance notes that DHCS has also estimated approximately \$240,000 General Fund in one-time costs; however, those costs are not included in the 2016 Budget Act. Any requests for additional resources will be evaluated as part of the budget development process.

The responsibility for children's specialty mental health programs was realigned to the counties in 2011 as part of 2011 Public Safety Realignment. Pursuant to Proposition 30, which was approved by voters in November 2012, legislation enacted after September 30, 2012, that has an overall effect of increasing the costs already borne by a local agency for programs or levels of service mandated by 2011 Realignment, requires the state to provide additional funding to cover those costs. It appears this bill may impose additional county costs for counties for the administration of this new category, but the extent of that additional workload is unknown.

COMMENTS

The Department of Finance opposes this bill for the following reasons:

- The bill creates General Fund costs for DHCS and DSS to create this new licensing program and potential costs for the counties, which would be borne by the General Fund.
- The implementation of the Continuum of Care Reform is still underway and discussions continue regarding certification of STRTCs. Therefore, it is premature to include this additional STRTC category before implementation of that effort.

According to the author's office, 47 counties lack child or adolescent psychiatric inpatient beds for children under 12 years of age and the current continuum of care is missing a licensing category specific to children's crisis residential programs.

Analyst/Principal L. Welch	Date	Program Budget Manager Kristin Shelton	Date
Department Deputy Director			Date
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

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COMMENTS (continued)

Finance notes the following instances where the 2016 Budget Act provides resources for children's mental health crisis services. The 2016 Budget Act included \$141.6 million (\$109.3 million General Fund) to support Continuum of Care Services under Chapter 773, Statutes of 2015 (AB 403), which requires DSS and DHCS to create a licensing and certification program, respectively, for STRTCs. Additionally, the 2016 Budget Act includes \$30 million (\$16 million General Fund) to support one-time grants for children's mental health crisis services administered by California Health Facilities Financing Authority and the Mental Health Services Oversight and Accountability Commission. Financing Authority funding will be used to award grants to local governments to increase the number of facilities providing a continuum of children's crisis services. Grants provided by the Commission will fund supportive services and training for families as well as personnel serving children and youth in crisis under the age of 21.

This bill creates a new licensing category of STRTCs for children crisis services and allows those facilities to operate as a children's crisis center. Both DHCS and DSS are in the process of discussing and developing regulations for the certification and licensing of STRTCs; however, no regulations have been finalized at this time.

This bill also requires DHCS, in consultation with the County Behavioral Health Directors Association and other specified stakeholders, to establish Medi-Cal rates as needed to cover the cost of services. Currently, DHCS does not have a rate setting process that includes consultation or negotiation with stakeholders; however, DHCS does not anticipate that it will incur significant costs to develop rates for crisis residential services provided to children because the same rates and reimbursement methodology for adults would most likely be applicable for children services as well.

Related legislation: AB 1997 (Stone) is the clean-up bill to AB 403, and will include modifications to the licensure and certification of STRTCs. AB 1997 is pending in the Assembly Committee on Human Services.

	SO	(Fiscal Impact by Fiscal Year)							
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP					Fund		
Type	RV	98	FC	2016-2017	FC	2017-2018	FC	2018-2019	Code
4260/Hlth Care	SO	No	C	240	C	222	C	222	0001
5180/Social Svcs	SO	No	C	0	C	700	C	700	0001
4260/Hlth Care	LA	No		----	Unknown costs	----			0001